

#### Members

Sen. Teresa Lubbers, Chairperson  
Sen. Ron Alting  
Sen. Connie Lawson  
Sen. Billie Breaux  
Sen. Earline Rogers  
Sen. Connie Sipes  
Rep. Greg Porter  
Rep. Duane Cheney  
Rep. Denny Oxley  
Rep. Robert Behning  
Rep. Robert Hoffman  
Rep. Sue Scholer



## INTERIM STUDY COMMITTEE ON EDUCATION ISSUES

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### MEETING MINUTES<sup>1</sup>

Meeting Date: October 2, 2001  
Meeting Time: 10:00 A.M.  
Meeting Place: State House, 200 W. Washington St.,  
Room 233  
Meeting City: Indianapolis, Indiana  
Meeting Number: 4

**Members Present:** Sen. Teresa Lubbers, Chairperson; Sen. Ron Alting; Sen. Earline Rogers; Rep. Greg Porter; Rep. Duane Cheney; Rep. Robert Behning; Rep. Robert Hoffman; Rep. Sue Scholer.

**Members Absent:** Sen. Connie Lawson; Sen. Billie Breaux; Sen. Connie Sipes; Rep. Denny Oxley.

Chairperson Teresa Lubbers called the fourth meeting of the Interim Study Committee on Education to order at 10:11 a.m. The Chair stated that Representative Denny Oxley was incorrectly shown as absent in the September 11 meeting minutes. The meeting was canceled due to the World Trade Center tragedy.

### **Taxpayer Equity and Student Equity**

#### **Neil Theobald, Indiana Education Policy Center**

Dr. Neil Theobald presented his paper entitled "Indiana's Performance in Meeting its School Funding Goals 1993-2003." The paper listed eight goals for the current school formula. The Policy Center developed the goals from discussions with legislators, legislative staff, and school personnel. The eight goals are as follows:

1. Eliminate the effect of a school district's property wealth on its operating revenue;
2. Provide higher funding to school districts with more disadvantaged students;

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

3. Equalize school revenue per pupil across school districts;
4. Increase school revenue per pupil;
5. Increase the share of school revenue provided by the state;
6. Equalize property tax rate across school districts;
7. Require that school districts receiving revenue above the foundation level levy higher property tax rates than school districts funded at the foundation level;
8. Limit increases in property tax rates.

Dr. Theobald's presentation included graphs of Indiana's progress at meeting these goals. The graphs show that Indiana is projected to make positive progress on goals 1, 2, 4, 5, 6, and 7 during calendar years 2002 and 2003. The state is not projected to show improvement on goal 3, but the equity among school districts in Indiana is better than most other states.

The Committee asked if courts have defined "equal" in school finance court cases. Dr. Theobald responded that courts have defined equal differently. One definition might be equal spending between districts, and another could be equal access to technology and programs.

The Committee asked if Indiana had attempted to build a cost of living index for schools. Mr. Theobald was unaware of any cost of living or education index for Indiana schools.

#### **Dr. Stella Batagiannis, Superintendent of West Lafayette School Corporation**

Dr. Batagiannis provided the Committee with information on the characteristics and special challenges facing the West Lafayette School Corporation. West Lafayette has fixed boundaries and is affected by Purdue University. Neighborhoods that used to be residential with families are now becoming Purdue University student housing. The corporation has been above the state average in revenue per student, but increases are artificially high due to declining enrollments. West Lafayette School Corporation does not have excess resources and is presented with different challenges than other schools.

#### **Ken Barnes, Treasurer of West Lafayette School Corporation**

Mr. Barnes stated that West Lafayette has been a "guaranteed school corporation" the last ten years. The corporation has received increases of between 2-3% per year; however, costs have increased more than the guaranteed percentage increase in revenue. The school has looked at the marginal cost of empty classroom seats. They have explored the possibility of allowing students from outside the school corporation to attend by paying transfer tuition, but the current transfer tuition law limits the flexibility in the amount of transfer tuition charged by schools. Mr. Barnes stated that the state needs to work as partners, rather than regulators, with local schools in solving problems.

### **Training and Experience Index and At Risk Index**

#### **Dr. Ed Eiler, Superintendent of Lafayette School Corporation**

Dr. Eiler provided the Committee with a summary of his testimony. The state should focus on adequacy, equity, and performance and not equalization of spending. The state should treat likes as likes and unequals unequally. His school corporation receives above the state average revenue per student. If Lafayette School Corporation received the state average, then they would receive about \$3 million less in revenue. Dr. Eiler told the Committee that the additional revenue goes to fund Limited English Proficiency programs, a more experienced staff, and smaller elementary school buildings, among other items. About 80% of the difference in revenue per student can be explained by differences in the training and experience of school staff. The changes to the at risk index made during the last legislative session to include the percentage of students eligible for school free lunch and the percentage of limited English proficient students into the calculation of tuition support have helped, but there is not enough information and analysis to determine if the new index reflects the higher costs of some

schools. The Association of School Business Officials' Research Committee is in the process of collecting and analyzing data related to school finance.

**Dan Clark, Indiana State Teachers Association**

Mr. Clark told the Committee that the goals for the school formula may need to be revised to conform with the State Board of Education's standards being developed this week. The school formula should provide a stable base of funding. Property taxes should probably be included in school formula calculations since Indiana is not a high tax state. Mr. Clark suggested that the at risk calculations be made on a school building basis instead of on a school corporation basis. The percentage of students participating in the school free lunch program may also not be the best indicator of poverty. In high school the stigma of participating in the free lunch program may limit the participation by students. There are about 1,900 schools in Indiana, and a new at risk factor based on school building level could probably be built using census block data. The training and experience index calculations could be complicated by the state's requirement for continued professional development.

**Charles Little, Indiana Urban Schools Association**

Mr. Little told the Committee that it is important to make adjustments to the school formula that reflect the different educational needs of school corporations.

**Dr. Roger Thornton, Indiana Association of School Superintendents**

Dr. Thornton told the Committee that his association has requested that Neil Theobald to study schools with similar enrollment.

**Limited English Proficiency**

**Terry Spradlin, Department of Education**

Mr. Spradlin distributed a document entitled "Indiana's Changing Demographics and English Language Learners." The number of limited English proficient students has tripled in the last ten years, growing from 4,001 in 1990 to 13,079 students in the 2000 school year. There are 212 different languages spoken by students in public school with Spanish being the most common language next to English. Mr. Spradlin reviewed the amount of federal and state funding available to local schools for limited English proficient students. The change in the school formula to include the percentage of limited English proficient students is a step in the right direction. He also distributed an article to the Committee from the Goshen News.

**Gail Zeheralis, Indiana State Teachers Association**

Ms. Zeheralis agreed that the inclusion of the limited English proficient students will benefit schools, but some schools have not benefitted from the change as much as one might expect.

**Charles Little, Indiana Urban Schools Association**

Mr. Little told the Committee that the influx of limited English proficient students affects the entire school and community. It takes about two years to integrate the family into the community.

**Ron Gifford, Indianapolis Public School Corporation**

Mr. Gifford told the Committee that the change in the school formula was a small step in the right direction of funding limited English proficient students. Indianapolis Public School Corporation serves 1,637 limited English proficient students and receives \$70,000 from the state but spent \$1.8 million on the program.

**Dr. Ed Eiler, Superintendent of Lafayette School Corporation**

Dr. Eiler noted that if a school has a substantial number of limited English proficient students and is not providing adequate resources, then a federal law suit might be possible.

## **Referendum's Effect on the School Formula**

Chairperson Lubbers read a letter from Senator David Long expressing Southwest Allen School Corporation's concern about possible effects of the school formula on the passage of a school referendum. The school formula erodes the effect of new dollars raised by the passage of a referendum. Senator Long introduced legislation last legislative session to move referendum funding outside the formula.

### **Dr. Brian Smith, Superintendent of Southwest Allen School Corporation**

Dr. Smith told the Committee that the increase in funding due to the passage of a referendum is eroded over time due to equalization. The proposed change by Senator Long would not cost the state money, and the amount of the referendum was limited. The Committee asked: If a referendum was passed, would the school endorse open enrollment? Dr. Smith responded that it depended on space considerations. His school is currently full.

## **Technology and Equipment Funding**

### **Terry Spradlin, Department of Education**

Mr. Spradlin distributed a summary of technology initiatives in Indiana. The technology initiatives in Indiana have worked well, and his department has received few complaints about Indiana's funding. The Committee commented that the purchase of vocational education equipment may become a problem in the future if Carl Perkins funding is decreased.

## **Funding of Special Education**

### **Robert Marra, Department of Education**

Mr. Marra told the Committee the national study on special education is not completed, so the information on the cost of providing special education is not available. The state provides about 75% of the funding for special education, and the federal government provides about 25%. The current funding formula is based on the severity of the disability. Mr. Marra told the Committee that the funding for special education preschool has remained flat since 1992 and is not based on the severity of the disability. The funding for special education preschool may need to be reviewed in the future.

Chairperson Lubbers previewed the Oct. 16 meeting on the recruitment and retention of teachers. Senator Rogers will plan the agenda with the help of the Department of Education.

The Chair reminded the Committee that during the last meeting to be held Oct. 23, the Committee must approve the final committee report. Possible committee recommendations will be discussed at the end of the Oct 16<sup>th</sup> meeting. The meeting was adjourned at 12:30 p.m.